

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1561

January 13, 2016

SUMMARY OF BILL: Authorizes the City of Decherd to levy a hotel occupancy tax, not to exceed five percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of the municipal legislative body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – \$32,900/Permissive

Assumptions:

- According to the Department of Health, there are 40 hotel rooms in the City of Decherd.
- According to the Nashville Convention and Visitors Bureau, the 2014 hotel occupancy rate in Davidson County was 73.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2014 was 64.4 percent, and is estimated to have been 65.7 percent in 2015. The national hotel occupancy rate is further estimated to be 65.8 percent in 2016.
- Estimate assumes the occupancy rate in the City of Decherd is 60.0 percent.
- There will be approximately 8,760 nightly rentals each year in Decherd (40 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$75 per night.
- The City of Decherd will impose a five percent hotel occupancy tax upon passage.
- The permissive recurring increase in local government revenue is estimated to be \$32,850 (8,760 nightly rentals x \$75 per night x 5.0% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/bos

HB 1561